



State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

February 17, 2004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 2949

Mr. Larry Allred
Allred Paving
3996 West 1500 North
Vernal, Utah 84078

Subject: Results of Meeting to Discuss Division Directive, WEMBCO, Larry Allred Site, S/047/068, Uintah County, Utah

Dear Mr. Allred:

Thank you for coming to our office to discuss permitting and bonding issues associated with the referenced mine. This meeting was held February 3, 2004. I have considered the arguments presented and have also discussed with my staff how comparable sites are permitted. With this in mind, I have made the following decisions:

1. The issue of which entity is the operator needs to be clarified. If WEMBCO is to be the operator, the Division needs to receive a copy of the notice of intention with the signature of an official of WEMBCO who is authorized to bind the company to the requirements of the notice. If you (Larry Allred) or Allred Paving is to be the operator, then this should be clearly stated on the notice of intention with no mention of WEMBCO except as land owner. Please provide the clarifying information within 30 days of receipt of this letter.
2. At this time, the Division requires that the operator post a reclamation surety to cover the mine pit (4.38 acres) and the area identified on our June 6, 2003, map as the mixing area (0.48 acres) for a total of 4.86 acres. The amount of surety required is \$2500 for each acre of disturbance which comes to \$12,150. Bonding is now required by state statute for all mines. Please submit this surety in a form acceptable to the Division within 60 days of receipt of this letter. If

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you need assistance determining what kinds of surety can be accepted, please contact Joelle Burns, Engineering Technician, at 801-538-5291.

3. The additional disturbances, identified on the June 3, 2003, map as "reclaimable area" (0.76 acres), "recycling area" (0.64 acres), and "processing" (2.45 acres over and above the 0.48 acres in the mixing area), also need to be included as part of the permitted area. The warehouse and bagging area (1.61 acres) is not considered part of your mining operations and is exempt from regulation. You have indicated it should be possible to reduce the footprint from these disturbances, so before requiring additional bonding and permitting, we have decided to give you the opportunity to reclaim as much of these areas as possible. Please work with your inspector, Paul Baker, and other Division staff to determine the best ways of consolidating your operations and of reclaiming those areas that are no longer needed. Please have this completed by May 31, 2004, and we will reevaluate the size of your disturbance after this date. Depending on the size of the remaining disturbance, additional bonding and permitting work may be required at that time.

Blank copies of the Notice of Intention to Commence Small Mining Operations and of the reclamation contract are enclosed for your use. Once you, or WEMBCO, have decided upon which form of surety you would like to use, we will be glad to provide the appropriate form. These documents are all available on our web site at <http://ogm.utah.gov/minerals/MINERALSFORMS.htm>.

If you fail to take the actions discussed in this directive within the specified time frames, we will issue a notice of non-compliance that could require an immediate suspension of mining operations at the mine site. If additional time is needed, please inform us in writing as soon as possible, stating the reasons for requiring more time to comply with these requirements.

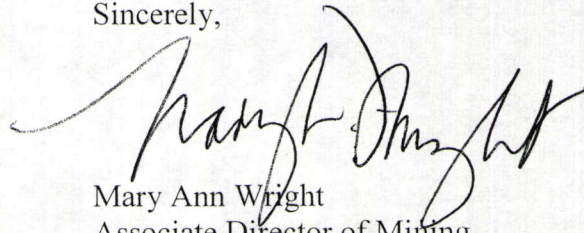
You have the right to appeal the Division's decision on this matter by requesting an *informal* administrative hearing before the Division Director, Lowell Braxton, or by requesting a *formal* hearing before the Board of Oil, Gas and Mining. **A written appeal to this decision must be filed with this office within 10 days of your receipt of this certified letter.** If a hearing is not requested, then the Division's decision will become final. The written appeal must state: 1) your intent to appeal; 2) the specific findings or requirements you

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wish to appeal. An Informal Hearing is conducted under the provisions of the Administrative Rules R647-5-102 – 106 and Sections 63-46b-4 and 63-46b-5 of the Utah Code Annotated (1953, as amended).

If you have any questions regarding the requirements of this Division Directive, please contact Wayne Hedberg at (801) 538-5286, or Paul Baker at 538-5261. We truly appreciate your cooperation in helping us resolve this permitting action.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Wright", is written over the typed name.

Mary Ann Wright
Associate Director of Mining
Utah Division of Oil, Gas and Mining

MAW:PBB:jb

cc: James L. Barnes, WEMBCO, 727 South Orange Grove, Suite 7, Pasadena, California 91105
Tom Bachtell, Pruitt, Gushee, and Bachtell
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